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# ANNOUNCEMENT

**SUBJECT: FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) AND  
FLEXIBLE SPENDING ACCOUNT (FSA) OPEN SEASONS  
NEW FOR 2005! HIGH DEDUCTIBLE PLAN HEALTH SAVINGS ACCOUNTS**

## HEALTH BENEFITS

The Open Season begins on November 8, 2004, and ends on December 13, 2004. During Open Season, you have the opportunity to enroll, change from one health plan or option to another, or to move from self-only to self and family enrollment status. All open season changes and deductions will become effective on January 9, 2005.

Due to the availability of accessing and downloading the FEHB (premium) Guides on OPM's website at [www.opm.gov/insure/health](http://www.opm.gov/insure/health), OPM will no longer print any FEHB Guides. Therefore, we will not be distributing copies to each employee. All plans will send brochures directly to their current enrollees. Plan brochures are available on OPM's website and a limited number of brochures will be available for review in the Employee Services Center, Building 1, Room L100.

## SIGNIFICANT CHANGES

If you are currently enrolled in the FEHB Program, be sure to review the brochure carefully, to see if there are any changes in the plan's service area that would require any action on your part, especially if you are enrolled in a Health Maintenance Organization. NOTE: Below is a list of plans that will have significant benefit changes in 2005.

- Kaiser Permanente has a new Standard Option. Enrollees who do not choose the Standard Option will automatically be enrolled in the High Option.
- Coventry Health Care of Delaware is a new HMO plan entering the program for 2005. This plan covers most of Maryland. Please visit their website at [www.coventryhealth.com](http://www.coventryhealth.com) for further information.
- Aetna Health Inc. has changed its name to Aetna Open Access.
- Aetna Open Access is renaming their Standard Option to Basic Option. There are no changes to the benefits offered under this option.
- MD IPA is expanding its servicing area to include the following counties in Virginia: Frederick and Shenandoah, and the City of Winchester.

**PLEASE POST AND CIRCULATE THIS ANNOUNCEMENT**

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## **HEALTH BENEFITS FAIR**

The Career Development and Employee Worklife Office is hosting its annual Health Benefits Fair. It will be held on Tuesday, November 9, 2004, in Building 1, Room E100D/E, from 11:00 a.m. to 2:00 p.m. Representatives will be invited from all area plans to answer employee questions at that time. If you are considering changing plans or have questions about your plan's benefits, we suggest that you attend the Health Benefits Fair.

## **HOW TO ENROLL**

**PLEASE REMEMBER: IT IS MANDATORY THAT YOU USE THE EMPLOYEE EXPRESS (EE) SYSTEM TO MAKE YOUR ELECTION/CHANGE.** The EE change **MUST** be submitted by the close of business on December 13, 2004. **No hard-copy forms will be accepted for any Open Season transactions.**

Your Social Security Number and EE PIN are required to gain access to this system. You can now request a duplicate PIN on their website at [www.employeeexpress.com](http://www.employeeexpress.com) and receive it within 1 business day. You can also call EE to request a duplicate at 478-757-3169 from work (478-757-3117 TDD) or 1-800-571-3453 from home. You can customize the PIN to suit your needs and use it immediately. You can also receive a confirmation of your EE transaction either by mail, fax, or e-mail, to use as proof of enrollment until you receive your member cards from the health carrier.

## **PLAN SELECTION ASSISTANCE**

NASA is providing the FEHB Checkbook On-Line service to assist you with plan selections. This service will be available from November 8, 2004, through October 2005. Information on accessing this system will be sent out separately by the beginning of this open season.

In order for you to access the Checkbook On-Line service, you will need to go to [www.employeeexpress.gov](http://www.employeeexpress.gov) and enter your SSN and Pin number. Once you have logged on to EE you must select, "FEHB Plan Comparison Website - Checkbook" on the NASA homepage. You will be taken to the NASA homepage where you must select "NASA" from the agency drop down list. Once you have selected NASA from the drop down list, you will be taken directly into the Checkbook website. You may access Checkbook from work or home.

If you have access to the Internet, you may retrieve the health plan brochures at any time beginning November 10, 2004, through OPM's website at [www.opm.gov/insure/health](http://www.opm.gov/insure/health). These brochures are identical to the hard copies received directly from the carrier. In addition to plan brochures, you may also retrieve information on topics such as: the FEHB Open Season, FEHB Premium Conversion, Long Term Care, the FSA program and Open Season, the Patient Bill of Rights, and the Mental Health and Substance Abuse Parity.

## **FLEXIBLE SPENDING ACCOUNT (FSA) PROGRAM**

The Open Season begins on November 9, 2004, and ends on December 13, 2004.

The Federal Flexible Benefits Plan ("FedFlex") which follows Section 125 of the Internal Revenue Service Code, enables eligible employees to pay for certain health and dependant care expenses with pre-tax dollars.

FedFlex offers two FSA options. During this open season, you can enroll in one or both of the following accounts:

- A Health Care FSA [HCFSA], through which you can use pre-tax allotments to pay for qualified health care expenses that are not covered or reimbursed by a FEHB plan or any other type of insurance and are not claimed on your income tax return. Insurance premiums are not qualified medical expenses. There is an annual limit of \$4,000 permitted per family.
- A Dependent Care FSA [DCFSA], through which you can use pre-tax allotments to pay for eligible dependent care expenses up to a maximum annual reimbursement of \$5,000 (\$2,500 if you are married and filing a separate income tax return).

The "use-it-or-lose-it" rule applies to the FSA Program. For eligible expenses incurred during the Plan Year, you will lose any money in your account for which you have not submitted claims for by April 30 following the end of the Plan Year.

### **HOW TO ENROLL FOR FSA BENEFITS**

You may enroll in the FSA Program in one of two ways. Beginning November 9, 2004, you may either go to the SHPS website at [www.fsafeds.com](http://www.fsafeds.com), and select the "enroll" link, or call the toll-free number (1-877-FSAFEDS - 1-877-372-3337) to speak to a Customer Service Representative who will ask a series of questions and enroll you over the phone. Timely open season enrollments are effective January 1 - December 31, 2005.

### **NEW FOR 2005! HIGH DEDUCTIBLE PLAN HEALTH SAVINGS ACCOUNTS**

2005 there will be a significant new choice in the Federal Employees Health Benefits Program - High Deductible Health Plans (HDHPs) that incorporate Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs). The HDHP features higher annual deductibles (a minimum of \$1,050 for self only and \$2,100 for self and family coverage) than other traditional health plans.

Features of a HSA include:

- Your own HSA contributions are tax-deductible
- Interest earned on your account is tax-free
- Withdrawals for qualified medical expenses are tax free
- Unused funds and interest are carried over, without limit, from year to year
- You own the HSA and it is yours to keep - even when you change plans or retire
- Your HSA is administered by a trustee/custodian

If you select a HDHP and are not eligible for the HSA, you will be given an HRA.

Features of an HRA include:

- Tax-free withdrawals for qualified medical expenses
- Carryover of unused credits, without limit, from year to year
- Credits in a HRA do not earn interest
- Credits in a HRA are forfeited if you switch health plans, or if you leave federal employment other than to retire
- Your HRA is administered by the health plan

A comparison chart for HSAs and HRAs is enclosed for your information.

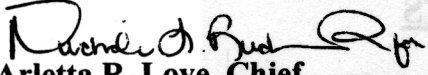
One of the most important things to keep in mind is that you cannot have a HSA and a FSA at that same time.



There is basic information available now at <http://www.opm.gov/hsa> and additional information will be provided in conjunction with the Open Season that runs from November 8 through December 13, 2004 in HDHP brochures.

If you have questions regarding the new HDHP Program, do not call FSAFEDS. They do not have a role in the HDHP offerings.

If you have any questions concerning the FEHB and FSA Open Seasons or the new HSA/HRA Program, please contact Nickeisha Hamilton at 301-286-8208.

  
Arletta R. Love, Chief  
Career Development and Employee Worklife Office

Enclosure



## High Deductible Health Plans (HDHP) with Health Savings Accounts (HSA)

### Comparison Chart for Health Savings Account and Health Reimbursement Arrangement

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)
<b>ELIGIBILITY</b>	You must enroll in a High Deductible Health Plan. No other general medical insurance coverage permitted, including participation in a health care flexible spending account. You cannot be enrolled in Medicare Part A or Part B.	You must enroll in a High Deductible Health Plan.
<b>FUNDING</b>	The plan deposits a monthly "premium pass through" into your account.	The Plan's monthly credit to your HRA will be the same as the "premium pass through" amount.
<b>CONTRIBUTIONS</b>	The maximum allowed is a combination of the health plan "premium pass through" and your contribution up to the amount of the plan deductible.	You may not make your own contribution to the account.
<b>DISTRIBUTIONS</b>	May be used to pay the out-of-pocket medical expenses for yourself, your spouse, or your dependents, or to pay the plan's deductible.  See <u>IRS Publication 502</u> for a complete list of eligible expenses.	May be used to pay the out-of-pocket expenses for qualified medical expenses for individuals covered under the health plan, or to pay the plan's deductible.  See <u>IRS Publication 502</u> for a complete list of eligible expenses.
<b>PORTABLE</b>	You can take this account with you when you terminate employment or retire.	If you retire and remain in your health plan you may continue to use and accumulate credits in your HRA.  If you terminate employment or change health plans, only eligible expenses incurred while covered under that health plan will be eligible for reimbursement, subject to timely filing requirements. Unused funds are forfeited.
<b>ANNUAL ROLLOVER</b>	You can take this account with you when you terminate employment or retire. Funds accumulate without a maximum cap.	Credits accumulate without a maximum cap.